

Title: City Size and the Skill Intensity of Production  
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Abstract:

Rauch (1993), Glaeser and Maré (2001), and others have theorized that the productivity of human capital increases with city size. If this is true, one would expect that establishments in large cities use more skill intensive production techniques than those in small cities. In this paper, we use data on the occupational mix at establishments to test whether the skill intensity of production methods varies with city size. Using data from the Occupational Employment Statistics survey, we show that establishments located in metropolitan areas with population below one million use a less skill intensive mix of workers than a comparable group of establishments in metropolitan areas with population above two million. In most industrial sectors, establishments use nearly the same mix of workers in both small and large metropolitan areas. However, we find that the difference in skill intensity is quantitatively important in a few, skill intensive sectors.